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Central Intelligence Agency



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## DIRECTORATE OF INTELLIGENCE

29 October 1985

China's Balancing Act in Burma [redacted]

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## Summary

Earlier this year, the Chinese reportedly cut off all arms and ammunition to the Burma Communist Party and even took its clandestine radio station off the air. These steps seemed designed not only to reassure Burma, but also to underscore for other Southeast Asian countries that China wants to improve state-to-state relations in the region. China previously had stopped supplying insurgent groups in Indonesia and Malaysia. Subsequently, however, China resumed some arms shipments to the BCP, apparently to prevent the Burmese communists from turning to the Soviets or the Vietnamese for assistance. Already deeply skeptical of Chinese intentions, Indonesia and Malaysia--as well as Burma--will probably interpret this resumption as confirming their belief that China still is a long-term threat to their security. [redacted]

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This memorandum was prepared by [redacted] Office of East Asian Analysis. Information available as of 29 October 1985 was used in its preparation. Comments and queries are welcome and may be directed to the Chief, Foreign Affairs, China Division, OEA, [redacted]

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### Wooing Burma

China's effort to improve relations with Burma over the past several years illustrates in many ways the dilemma Beijing faces in seeking to overcome other Southeast Asian states' residual suspicions of its intentions. Chinese leaders have repeatedly vowed not to interfere in the internal affairs of these countries and, with the exception of Burma, have ceased supplying any material aid to their insurgent groups. China's refusal, however, to sever ties with local communist parties and its willingness to harbor their leaders in exile--lest they turn to the Soviets for aid--have only helped to keep suspicions alive. [redacted]

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Efforts to improve relations with Burma began as part of a larger push by China to reestablish good relations in Southeast Asia after Mao's death and have intensified since Deng Xiaoping assumed power. In late 1980, for example, Deng made a bid for better relations with Burma by promoting peace talks between Rangoon and the Burma Communist Party. Deng apparently hoped that such negotiations would provide tangible proof of China's good faith and also give China a face-saving way of phasing out its military aid to the BCP. The talks broke down, however, after four months when Burmese President Ne Win decided that Beijing was not pushing the BCP to compromise. [redacted]

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Since then China has sought to repair the damage to bilateral relations by promoting a series of high-level state visits. Foreign Minister Wu went to Rangoon in early 1984. Last year the two presidents also exchanged visits. This past May, Ne Win visited China where he was welcomed as chairman of Burma's Socialist Program Party, rather than in his capacity as the former president--an implicit blow to the BCP's political status with Beijing. [redacted]

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China has also agreed to work with Burma to survey and demarcate their common border. [redacted]

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[redacted] Beijing has sent PLA troops to the border to protect Burmese surveyors from BCP attack. When delineation is completed in 1987, the Sino-Burmese border will be opened for land trade at seven points. [redacted]

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Although the amount of economic aid China provides to Burma is insignificant compared with that of other donors such as Japan and West Germany, since 1979 the Burmese government has received nearly 10 percent of China's foreign assistance. During Deputy Prime Minister Tun Tin's visit in June 1984, China extended 34 million

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[redacted]

yuan (U.S. \$17 million) in no-interest credit while renegotiating a loan which lapsed in 1967 when relations soured between the two countries. This aid will be used to help fund construction of the \$70 million Rangoon-Syriam bridge beginning next year. China is also building an indoor stadium in Rangoon, scheduled for completion in January 1986. [redacted]

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### Reducing Aid to the BCP

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To further demonstrate its good intentions, China also sharply curtailed material support to the Burma Communist Party earlier this year. [redacted]

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[redacted]

In addition, China took the Burma Communist Party's radio station, which has broadcast from Yunnan Province since 1971, off the air on 17 April 1985. This step was taken just prior to Chairman Ne Win's visit to China in early May at the invitation of Central Military Commission Chairman Deng Xiaoping. [redacted]

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### Prospects

Although Beijing's moves to distance itself from the Burma Communist Party have smoothed over the bad feelings engendered by the collapse of the 1980 talks they have led to no basic changes in Sino-Burmese relations. Burmese leaders will probably remain skeptical of China's intentions as long as Beijing continues to give refuge to Burmese communist leaders. Indeed, China's apparent resumption of aid to the BCP--however limited--will probably reinforce Rangoon's perceptions of the Chinese security threat. [redacted]

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Similarly, we believe Chinese efforts to improve ties with Burma are unlikely to have much effect on the perceptions of other Southeast Asian states such as Indonesia and Malaysia. As with the BCP, Beijing retains party-to-party ties with the Indonesian and Malaysian communist parties, providing "moral support" and a safe haven for their

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leaders in exile, which hinders China's efforts to improve state-to-state relations. More importantly, Southeast Asians believe China's long-term goal is to reestablish the region as a Chinese sphere of influence. Such suspicions will continue to influence Indonesian and Malaysian to reach an accomodation on Cambodia with Vietnam, which they regard as a buffer against China. [REDACTED]

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**Appendix: Chronology of Improving Sino-Burmese Relations**

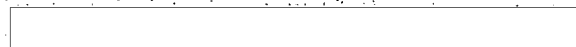
<b>December 1983</b>	Trade Minister Chen Muhua visits Burma and offers 100 million yuan in aid, augmenting earlier economic assistance.
<b>February 1984</b>	Foreign Minister Wu Xueqian travels to Burma and states that China provides only "moral support" to the BCP.
<b>April 1984</b>	China executes six members of the BCP caught drug trafficking in southern China.
<b>June 1984</b>	Burmese Deputy Prime Minister Tun Tin visits China and is told by Deng Xiaoping that Chinese aid to the BCP had been greatly reduced and would gradually be terminated completely; China extends 34 million yuan in financial aid to Burma.



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<b>October- November 1984</b>	In talks with President San Yu in Beijing, Deng restates China's policy of noninterference in Burmese affairs.
<b>January 1985</b>	China stops providing free weapons, ammunition, clothing and medicine to the BCP.
<b>March 1985</b>	President Li Xiannian visits Burma on a goodwill mission.
<b>April 1985</b>	The Voice of the People of Burma is taken off the air.
<b>May 1985</b>	Ne Win, Chairman of the Burma Socialist Program Party, visits China and is assured by Deng Xiaoping that China no longer provides material support to the BCP.

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**SUBJECT: China, Burma, and the Burma Communist Party**

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- 1 - DDI (7E44)
- 1 - NIO/EA (7E62)
- 1 - FBIS/NEAAD/CH [redacted]
- 1 - Senior Review Panel (5G00)
- 1 - C/DO/PPS (3D01)
- 1 - C/EA [redacted] (5D18)
- 1 - C/EA [redacted] (5D38)
- 1 - C/PES (7F24)
- 1 - PDB Staff (7F30)
- 1 - CPAS/ILS (7G50)
- 5 - CPAS/IMC/CB (7G07)
- 1 - D/OEA (4F18)
- 1 - Research Director/OEA (4G32)
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- 1 - C/OEA/CH/DEV (4G32)
- 1 - C/OEA/CH/DEF (4G32)

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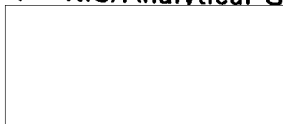
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- 1 - C/OEA/SEA (4F38)
- 1 - C/OEA/NEA (4G43)
- 2 - OCR/C/RS (1H19)
- 1 - DDO/EA/ [redacted] (5C40)
- 1 - DDO/EA/ [redacted] (5D54)
- 1 - OCR/CH (1H18)
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DDI/OEA/CH/FOR/ [redacted]

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